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ABSTRACT

The opportunity to increase private company revenues and the pressure to minimize losses within a public school district's cafeteria and general funds have propelled the emergence of private food-service-management companies (FSMCs). This paper presents findings of a study that examined privatization of school food services and its effect on the financial status of the cafeteria fund in participating California public school districts. The study also examined the trend toward privatization and the motivation of board members, superintendents, and chief business officials regarding reasons for electing and/or discontinuing private companies. Data were derived from documents filed with the State Department of Education. School districts of similar size and geographic region were compared during the same period to examine financial changes in the districts' ending fund balances. Sample 1 included 47 districts that contracted food services, and sample 2 included 47 districts that did not. A total of 70 board members, superintendents, and school-business officials were also surveyed. Findings indicate that the financial status of a school district changed when the district contracted for privatized school food services with an FSMC. Within sample 1, 38 percent of the districts experienced a net loss in ending fund balance, and 55 percent of the districts showed a net gain in ending fund balance. Within sample 2, 28 percent of the districts experienced a net loss, whereas 66 percent increased their ending fund balances. Although district decision makers generally believed that private organizations offered more services and resources, findings indicate that districts that contracted with FSMCs were not guaranteed positive cafeteria fund balances. Fees did affect the net gain or loss. Districts that had already privatized their school food services would consider privatizing other support services rather than educational services. Ten figures, a list of definition of terms, a list of districts and year of participation, and a list of participating public school districts and comparable school districts are included. (LMI)

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PRIVATIZATION OF SCHOOL FOOD SERVICES AND ITS EFFECT ON THE FINANCIAL STATUS OF THE CAFETERIA FUND IN PARTICIPATING CALIFORNIA PUBLIC SCHOOL DISTRICTS

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ABSTRACT

Privatization of School Food Services and Its Effect on the Financial Status of the Cafeteria Fund in Participating California Public School Districts

STATEMENT OF THE PROBLEM

The opportunity to increase private company revenues from a public school district and the pressure to minimize losses within a school district's cafeteria and general funds have propelled the emergence of private food service management companies (FSMC's).

The purpose of the study was to examine privatization of school food services and its effect on the financial status of the cafeteria fund in participating California public school districts The study also examined the trend toward privatization and the motivation of board members, superintendents, and chief business officials regarding reasons for electing (and/or discontinuing) private companies.

METHODOLOGY

A historical search of recorded documents was conducted. Financial statements, meal participation and meal price data, and school district contracts filed with the State Department of Education were analyzed School districts of similar size and geographical region were compared during the same period of time to examine financial changes in the districts' ending fund balances.

SUMMARY OF FINDINGS/RESULTS

The financial status of a school district changed when a school district contracted for privatized school food services with a FSMC. Thirty-eight percent (38%) of the Sample 1—FSMC districts experienced a net loss in ending fund balance, and fifty-five percent (55%) of Sample 1—FSMC districts, experienced a net gain in ending fund balance.

However, Sample 2—Self—operator districts performed better than the Sample 1 school districts that were influenced or managed by a FSMC. There was a smaller number of school districts (28%) that experienced a loss in ending fund balance in Sample 2—Self-Operator districts, and a greater number of Self-Operator districts (66%) that increased its ending fund balance than FSMC districts.

Even though district decision makers generally believed that private organizations offered more services and resources, the findings revealed that districts that retained the services of FSMC's were not guaranteed positive cafeteria fund balances. Fees did affect the gain or loss in the districts' ending fund balances. Districts that had already experienced privatization in the school food services area would consider privatizing other support services rather than educational services.

PRIVATIZATION OF SCHOOL FOOD SERVICES AND ITS EFFECT ON THE FINANCIAL STATUS OF THE CAFETERIA FUND IN PARTICIPATING CALIFORNIA PUBLIC SCHOOL DISTRICTS

CHAPTER I

PROBLEM STATEMENT

Introduction

School food service programs in California's schools provide approximately eleven percent (11%) of the school lunches served in the United States (CSFSA, 1994). It is classified as big business that generates over one billion dollars in revenue from federal, state, and local income sources annually in just the state of California. School food service operations, through participation in various federal and state subsidized programs, most notably the National School Lunch Program (NSLP) and National School Breakfast Program (NSBP), provide food services daily to over five million children throughout the state. The majority of school districts are self-administered. However, there is an increasing movement of school districts to privatize their food service operations in recent years. Of the 912 public school districts in California, forty-five (45) districts have elected to privatize their school food service operations in the 1994-95 school year (CDE, 1995). This is a twenty-five percent (25%) increase from the previous year, and an eighty percent (80%) increase from four years ago in the 1990-91 school year.

Privatization of school food services, or contracting for consultant or management services from profit-making companies outside of the school district, is a trend that warrants study for its impact on fiscal health of the cafeteria and general funds. When private companies solicit business from public school entities, the sales material often highlights the financial savings, increased participation, and improved district fund balances that will be gained through management or advice from private industry's food service experts (ARAMARK, 1994; Marriott, 1994; & Canteen, 1994). Similar claims of cost savings and more efficient operations have also been made in other school support services and instructional areas (Krinsky, 1994; Beales, 1993; Miller, 1993; Lieberman, 1986).

Is paying a fee for service to a middleman more efficient than district self-operations? Why would a school district choose to seek outside services and pay a fee when school districts are already strapped to finance the current educational program with shrinking revenues? If privatization is on the rise, the cost effectiveness in one long standing area, school food services, should be explored. If the trend is that more school districts will privatize other services because decision makers feel that private business can run an operation better and more efficiently, perhaps a closer look should be taken at the financial effects in the school food service area where privatization has been practiced for more than thirty years (Caton, 1990).

This paper will examine the privatization of school food services and its effect on the financial status of the cafeteria fund in participating California public school districts. The propensity to seek private services in other school operations, (e.g. maintenance, custodial,

transportation, curriculum, and information systems) will be surveyed among key decision makers (e.g. board member, superintendent, and/or chief business official) in the participating districts. The motivation of a school district to contract with a private company and/or reasons that food services are discontinued with private companies will also be surveyed so that this paper may assist both self-administered and contracted operations in improving services to children who participate in school nutrition programs.

Background

Soup Kitchens to School Cafeterias

When feeding children in school began at its crudest stage in the back room of old school houses, the intent was to provide hot nutritious meals to children so that they were ready to learn. The roots of child nutrition can be traced to 1790 when a German count named Rumsford set up soup kitchens to feed Munich's hungry children (Caton, 1990).

Feeding children in the United States became a necessity when in 1932 during the depression and war years America's draftees could not pass the armed services physical examination due to malnutrition. It was in the interest of the nation's general defense and health of children that led to public policy and effective legislation. The school food service program became formalized with the National School Lunch Act of 1946.

The foundation was laid for the world's largest child nutrition program. It was Harry Truman, 33rd President of the United States, who signed the National School Lunch Act on June 4, 1946. This was a significant accomplishment for "Give 'em Hell Harry" because his own democratic Congress had previously rejected most of his domestic proposals. The passing of this legislation was a declaration of policy that provided assistance to 62,000 schools to formalize a child nutrition program.

It was declared to be "the policy of Congress, as a measure of national security, to safeguard the health and well-being of the Nation's children and to encourage the domestic consumption of nutritious commodities and other food, by assisting the States, through grants-in-aid and other means, in providing an adequate supply of foods and other facilities for the establishment, maintenance, operation and expansion of nonprofit school lunch programs (School Lunch Act, 1946)." Today, over 93,000 schools participate in the National School Lunch Program (Government Accounting Office, 1993).

The National School Lunch Act made possible a permanent national program that has persevered to this day for the conservation of our human resources and the improvement of national health. The roots of child nutrition from the language of public legislation stressed nutrition and health, use of surplus commodities, general welfare, and non-profit programs. Education was the inalienable right of every child in a democracy and you could not teach a hungry child.

The act was an incentive program which encouraged school districts to provide nutritious meals to youngsters while taking advantage of surplus farm supplies and being rewarded with a small cash reimbursement. The program was open to all children regardless of income level. The general finances of the school district budget did not seem to be an issue in the early days of school lunch programs. Making a profit on school meal service did not obstruct a school district's desire to enter into a child nutrition program. Feeding children was part of taking care of the basic need of the students so that they may concentrate on classroom education. The Government Accounting Office estimates that over 25 million children receive a nutritious meal that meets dietary guidelines needed to nourish their bodies to improve their readiness to learn today (Government Accounting Office, 1993; ASFSA, 1995).

The Emergence of Private Food Service Management Companies

Malnutrition and hunger still exist in the United States although not at widespread levels as found in the 1930's (Nazario, 1994). The school nutrition program has developed into something more than simply stirring together a big pot of soup in the backroom of the little schoolhouse for the hungry child. Today, the challenges to school food service professionals have been to juggle fiscally tight budgets, serve quality nutritious meals, cope with inadequate time for the student lunch period, compete with student/staff/parent food sales on campus, compete with local fast-food restaurants, provide meals that appeal to more sophisticated tastes of the changing demographic population, and wrestle with increasing paperwork, accountability, and compliance reviews that are accompanied by major fiscal sanctions against the district if administrative standards are not met (Jones, 1994; CASBO, 1994; Hartman, 1993; DeBurgh, 1993; McCann 1991). All this should be done while operating a fiscally solvent program. The added pressure of minimizing losses in a school food service operation and offering more innovative programs has led some districts to turn to privatization.

In some school districts, when there is an operating loss, chief business officials and superintendents will look for other alternatives to correct an unsatisfactory situation because these officials are accountable to the board of education. Board members are also subject to direct solicitation and communication from food service management companies to give the company a chance at correcting their loss situation which often sound like a simple easy solution. The result is that a private company will be given an opportunity to turn around an operation at a school district.

School food services is appealing to food service management companies because most kitchen facilities are in place, buildings have been built, the majority of capital outlay has already been expended, the operation comes with an adequate staff, and there is room for improvement. Most procedures are in place so that all the private company needs to do is to step in and make a few high visibility improvements which are charged back to the district through a per meal cost for consulting services and a per meal cost for general administrative and operating services.

Some private companies meet with success and others are released from their contracts after a trial run. The qualitative degree of success is difficult to measure. Improving meals, bringing in new ideas, increasing student satisfaction or contracting additional personnel (e.g. private company's managers, consultants, advisors) can be defined as success and varies among participating districts. The survival or number of years that a school district retains the services of a private company can also be an indication. However, the most cited reason for seeking a private-company is to run a more efficient operation that is not a financial drain on the general fund of the school district.

This study will attempt to measure the financial success of public school districts which have elected to retain the services of private food service management companies. Improving the financial status of the district can be measured through a historical search of recorded documents such as financial statements and meal participation data filed with the State Department of Education's Business Division and Child Nutrition and Food Distribution Division. The measure of efficiency, or the improvement or failure of an operation, is in the language that chief business officials, superintendents, and board members understand—the bottom line of a financial statement.

Problem Statement

The State of California has been in a financial crisis. K-12 education has not received a cost of living adjustment since 1990-91 (School Services of California, 1995). The state of the economy has trickle down effects to local public school districts. As the local school district is trying to squeeze

the most out of the education dollar, it cannot afford to spend dollars unwisely which could have non-beneficial results to the students and the district as a whole. School districts are paying fees for services to external companies or organizations when these same services can be provided by the district itself. For example, successful self-operated programs can be accomplished by hiring qualified staff, such as a food services director who can implement innovative programs. However, public officials are looking toward privatizing services as an alternative to self-operated programs because it appears to be the easier, more efficient solution. There is an increase number of public school districts that have privatized school food services as a means to saving education dollars and to minimize the encroachment to the general fund.

The problem is that if this trend continues, school districts may be paying fees for services that can be returned to reinvest in program improvement or to support approved direct/indirect costs of the school district's general fund. The original intent of the National School Lunch Program (i.e. nutrition, health, general welfare of children) may be in jeopardy if private companies are allowed to make a profit at the expense of child nutrition.

The cost effectiveness of privatizing school food services has been declared through general mailings and communications to public school districts' decision makers. Chief business officials, superintendents, and school board members are encouraged to seek food service management company services because they may do the job better. Decision makers see privatized services as the professional experts who can improve the meal program and decrease the encroachment to the district's general fund. This study will research the financial effects of public school districts that have enlisted the services of private food service management companies.

Purpose of the Study

The primary purposes of this study are the following:

1. Investigate the financial effect of privatization of food services in public school districts that have contracted services.

2. Determine the type of district that seeks contracted services and the significant areas of improvement for each district type.

Significance/Importance of the Study

The importance of the study is that it will provide an analysis of the financial performance of private food service management companies that have consulted, advised, or managed a public school district's school food service operation within the State of California in the past five years. This may substantiate claims that privatization is a cost-effective practice if a school district desires to save valuable education dollars to redirect it into other instructional or support services programs.

If the trend and the current political thinking is to privatize, then decision makers (e.g. chief business officials, superintendents, and board members) should review the numbers and track record of private companies before paying fees and signing binding contracts that could in the long-term cost the district more dollars than was originally intended.

Research Questions

The purposes of the study lead to the following research questions:

1. Does the financial status of the Food Services operation change after contracting with a Food Service Management Company as determined by the cafeteria ending fund balance?

2. How do districts perform financially when compared to self-operating districts?

3. What is the profile of a school district that privatizes school food services? Of these districts, what type has experienced financial success or loss from privatization?

4. How are meal participation and meal price affected under privatization?

5. What are the implications of reimbursement and consultant fees under the consulting agreement? Does the financial improvement cover the fee for services?

See Appendix A for the relationship between purpose of study and research questions.

Assumptions

The study is based on the assumptions that public school districts, the State Department of Education Child Nutrition and Food Distribution Division, California School Business Officials and the California School Food Services Association want information on the performance of private consulting services and financial effects in public school districts in which Food Service Management Companies (FSMC) have served.

Limitations of the Study

This study will be limited to public school districts in California that have contracted with private management companies to advise, manage, or operate the whole or any part of the school food service program. Therefore, results of the study cannot be extrapolated to other public school districts' school food services operations in states outside of California due to the differences in geographical regions, demographics, and the condition of the state economy.

FINDINGS/RESULTS

This chapter reports the data that was collected to respond to the purposes of the study. The primary purpose of the study was to research the financial effect that private contracted management companies or consultants had in public school districts school food service operations. A determination of the type of district that sought contracted services and the significant areas of improvement for each district type were also examined. A description of the findings of the study follows which includes results of the analysis.

Results of Analysis

Research Question 1:

Does the financial status of the Food Services operation change after contracting with a Food Service Management Company (FSMC) as determined by the cafeteria ending fund balance?

Financial data was requested from the State Department of Education, Office of Business Services/Financial Accountability and Information Services, for Sample 1—FSMC districts. Sample 1 was composed of forty seven (47) school districts that participated in contracted school food services anytime between the 1990-91 to 1993-94 school years.

Historical financial data was collected from the J-203 Cafeteria Fund/Account-Special Reserve Fund Statement for forty-one (41) school districts in Sample 1. Six (6) school districts did not file the J-203 Cafeteria Fund Statement. Further investigation and requests to the State Department of Education found that five of the six districts filed a J-231 Cafeteria Fund/Enterprise Fund Statement; and one (1) district did not file either a 231 or J-203 statement. This one district

was listed with missing financial information for statistical purposes. The reporting of the Cafeteria Fund as an enterprise fund was allowable under education code (EC) 39890. An enterprise fund is a type of proprietary fund which used full accrual basis of accounting similar to commercial accounting; whereas a cafeteria fund reported as a special reserve fund is a type of governmental fund which uses the modified accrual basis of accounting. With either type of fund, the researcher was able to extract the ending fund balance amount for Sample 1 school districts in the study.

The ending fund balance amounts for the most recent complete year and prior year were entered into a database. The difference between the two years was calculated. Descriptive statistic procedures were used to analyze the data.

Of the forty-seven (47) school districts, eighteen (18) school districts experienced a loss to the ending fund balance from prior year to the most complete year surveyed; two (2) school districts had no change; twenty-six (26) school districts experienced a gain in the ending fund balance; and one (1) district was listed with missing information. The range was a loss or negative (-) $204,695 to a gain or positive (+) $245,821. The average change to a district's ending fund balance change, or amount difference from one year to the next, was represented by the mean, which was a positive (+) $11,215. The mode was zero representing two districts having no change in ending fund balance.

The negative or loss amount from one school district (-$204,695) could be explained by further examination of the financial data supplied by the State Department of Education. There was a $487,000 increase in the food service/other supplies expense category offset by a moderate increase in revenues for the one district in question. The positive or amount gained for another school district (+ $245,821) could be explained by an increase in local food service sales from the prior year to the most recent fiscal year surveyed.

The financial status of a school district changed when a school district contracted for privatized school food services with a FSMC. Thirty-eight percent (38%) of the Sample 1—FSMC districts, or eighteen (18) of the forty-seven (47) districts, experienced a net loss in ending fund balance. Conversely, fifty-five percent (55%) of Sample 1—FSMC districts, or twenty-six (26) districts, experienced a net gain in ending fund balance. Two (2) districts reported no change, and one (1) district had missing information representing the remainder percentage of Sample 1 districts. The financial performance of Sample—FSMC districts was better understood and placed in perspective by the answer to Research Question 2.

Research Question 2:

How do districts perform financially when compared to self-operating districts?

Financial data was requested from the State Department of Education, Office of Business Services/Financial Accountability and Information Services, for Sample 2 - Self-Operator districts. Sample 2 was composed of forty-seven (47) school districts that were comparable in size (enrollment and number of schools) and type of school district (elementary, union high school, or unified) to Sample 1. Sample 2 districts had not participated in contracted school food services. Financial data for Sample 2 was collected from the same fiscal year taken for Sample 1. Sample 2 districts were also selected as close in geographical proximity to the comparable district in Sample 1. Appendix C provides a detailed comparison of both samples.

Historical financial data was collected from the J-203 Cafeteria Fund/Account-Special Reserve Fund Statement for forty-three (43) school districts in Sample 2. Three (3) school districts filed a J-231 Cafeteria Fund/Enterprise Fund Statement; and one (1) district filed a J-203 statement with information not available (N/A). This one district was listed with missing financial information for statistical purposes.

The ending fund balance amounts for the most recent complete year and prior year were entered into a database. The difference between the two years was calculated. Descriptive statistic procedures were used to analyze the data.

Of the forty-seven (47) school districts with financial data, thirteen (13) school districts experienced a loss to the ending fund balance from prior year to the most current year surveyed; two (2) school districts had no change; thirty-one (31) school districts experienced a gain in the ending fund balance; and one (1) district was listed with missing information. The range was a loss or negative (-) $592,534 to a gain or positive (+) $268,940. The average change to a district's ending fund balance was represented by the mean, which was a positive (+) $27,569. The mode was zero representing two districts having no change in ending fund balance.

The large negative (-) $592,534) was an extreme figure from one school district and could be explained by further examination of the financial data supplied by the State Department of Education. There was a large expenditure increase in the capital outlay and equipment expense categories. A follow-up telephone interview with school district personnel explained the increase. The large expenditure was the result of major purchases to replace the central food service office facility. These purchases included a building renovation and furnishings for the facility. The extreme positive or amount gained for two other school districts (+ $241,928 and + $268,940) could be explained by an increase in income from federal child nutrition program for both districts, and a decrease in total expenditures for one school district.

The financial status of a school district changed when a school district operated its own school food services programs without the assistance or advice of a FSMC. There was a smaller number of school districts that experienced a loss in ending fund balance in Sample 2—Self-Operator districts than in Sample 1—FSMC districts. Only twenty-eight percent (28%) of the Self-Operator districts (Sample 2), or thirteen (13) of the forty-seven (47) districts, experienced a net loss in ending fund balance, as compared to the thirty-eight percent (38%) in Sample 1, or eighteen (18) of the forty-seven (47) districts. There was a greater number of Self-Operator districts (31) than FSMC districts (26) that increased its ending fund balance.

Although the average dollar amount change in ending fund balance, or the mean, was positive for both samples, the average increase in ending fund balance was greater for Sample 2—Self-Operator districts ($27,569) than Sample 1—FSMC districts ($11,217).

In summary, Sample 2—Self-Operator districts performed better than those influenced or managed by a FSMC (Sample 1) when comparing ending fund balance gains and losses. Figure 1 summarizes the financial performance of each sample.

Amount of Difference/Change in Ending Fund Balance:		Sample 1 FSMC (Number of school districts)		Sample 2 Self-Op (Number of school districts)	
- $600,000	-> - $200,001	1		1	
- $200,000	-> - $100,00	1		1	
- $100,000	-> - $50,001	3	18	3	13
- $50,000	-> - $25,001	1		3	
- $25,000	-> - $10,001	4		2	
- $10,000	-> - $1	8		3	
$ 0	-> - $0	2		2	
$1	->+ $10,000	7		5	
$10,001	->+ $25,000	2		4	
$25,001	->+ $50,000	10		5	
$50,001	->+ $100,000	5	26	10	31
$100,001	->+ $200,000	1		5	
$200,001	->+$300,000	1		2	
Missing Information		1		1	
Total Districts		47		47	

Figure 1— Summary of Financial Performance

When the financial data from both samples were reviewed, it was noted that the total of all ending fund balances for Sample 2—Self-Operator districts was triple the size of Sample 1—FSMC districts. Figure 2 represents the difference in ending fund balance cumulative district totals.

	Sample 1 FSMC	Sample 2 Self-Op
Ending Fund Balance - Total All Districts PY	$3,770.346	$11,829,706
Ending Fund Balance - Total All Districts	$4,286,203	$13,097,879

Figure 2 — Summary of Ending Fund Balances

Because both samples had a comparable base of student enrollment and number of schools, and were similar in types of school districts, geographical area, and year of fiscal data extraction, the researcher's interpretation was that Self-Operator districts operated much larger meal service programs than FSMC districts. There were other factors that influenced the size of the program such as student meal participation, meal price policy/structure, nutrition/a la carte sales policy, quality of service, food preparation systems, and student outreach programs which were not part of this study that has potential for further research. However, Research Question 3 provided a closer examination of some of these factors for Sample 1—FSMC districts.

Research Question 3

What is the profile of a school district that privatizes school food services? Of these districts, what type has experienced financial success or loss from privatization?

For the first part of the Research Question 3, meal participation and meal price information were collected from the State Department of Education, Child Nutrition and Food Distribution Division for Sample 1—FSMC districts. The information was added to the existing financial database of information used for Research Question 1.

To determine the profile of a school district that tended to privatize or used the services of a FSMC, the extended database of information was summarized. Figure 3 is a profile of most FSMC districts in California derived from statistical measures of central tendency.

Profile of FSMC School Districts

District Student Enrollment - average	7,635
Total Meal Participation/Year - average	507,411
Average Daily Participation (ADP)	2,710
Percentage of ADP to Enrollment	35 %
Percentage of Needy Meal Participation of Meals Served	65 %
California County with Most FSMC's -13 each	#43—Santa Clara
California County with Second Most FSMC's -5 each	#19—Los Angeles
District Type - Most Frequent Type (19 /47 sampled):	USD
District Type - Second Most Frequent Type (16/47 sampled):	Elem K6/K8
Number of Schools in District - average	10
Ending Fund Balance Size - average	$93,178
Meal Charge - average	$1.42/meal

Figure 3—Profile of FSMC School Districts

To depict the California regions that experienced the most influx of FSMC districts, Figure 4 shows a California map with each mark representing a district managed by a FSMC. The heaviest concentration of FSMC districts were in the northern California region.

Figure 4—FSMC District Locations on the California Map by County and Region

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This study divided counties in California into regions. All counties south and inclusive of Santa Barbara, Kern, and San Bernardino Counties were designated as southern California. All California counties north of the southern California divider and south and inclusive of Monterey, San Benito, Fresno, Madera, and Mono Counties were designated as central California. The remaining counties were designated as northern California. The scattergram of California showed that the majority or twenty-nine (29) school districts under FSMC control were located in northern California, followed by ten districts (10) located in southern California, and the lowest number of FSMC districts, eight (8), were located in the central California area.

The answer to the second part of Research Question 3, was found by sorting the "Amount Difference" of ending fund balances database in ascending order, from lowest to highest (negative to positive dollar amounts).

Of the forty-seven (47) school districts in Sample 1—FSMC districts, twenty-six (26) school districts experienced varying degrees of financial success from privatization. Success was defined as any improvement (net gain) from the prior year's ending fund balance.

Of the forty-seven (47) school districts in Sample 1—FSMC districts, eighteen (18) school districts experienced a financial loss from privatization. The loss was derived from failure of the FSMC districts to improve the Cafeteria Fund's ending fund balance from the prior year.

Figure 5 provides a comparison by district type designated by their experience in financial loss or success.

District Type	No. Districts Experienced Loss	No. Districts Experienced Success
—Elementary	6	9
—USD	8**	11**
—UHSD	4	6
Total Number of FSMC Districts (47*)	18	26

* Includes two districts with no change in ending fund balances, and one district with missing information.
** District type with most success or most loss.

Figure 5—Comparison of Number of Districts' Financial Loss/Success by District Type

The district type that experienced the most success was the unified school district category. The district type that experienced the most loss was also in the unified school district category. Both are indicated by the double asterisks in Figure 5 above.

Research Question 4

How are meal participation and meal price affected under privatization?

Meal participation (annual) and meal price (or meal charge) information were collected from the State Department of Education, Child Nutrition and Food Distribution Division for Sample 1—FSMC districts. The meal participation and meal price information were entered on a database for the most recent complete year and prior year. The amount of difference between the two years was calculated to determine how these areas were affected under privatization. Meal participation and meal charge information were collected from the same fiscal years as those used to calculate the financial data in Research Question 1.

To determine the change in meal participation and/or meal charge, measures of central tendency and frequency distribution were performed to determine the number and percentage of school districts that experienced a growth or decline in these specific areas. Three school districts had incomplete or missing information and were not included in the calculation.

Figure 6 is a summation of the changes that occurred in the meal participation and meal price areas.

In the meal participation area, there were eleven (11) districts that decreased in meal participation, thirty-three (33) districts that increased in meal participation, and three (3) districts with missing information. When meal participation figures for the sample were totaled, the percentage increase was calculated to be an overall 2.20% increase in meal participation. To place the meal participation increase in perspective, the amount of increase was divided by the total number of schools in the sample, less the school districts with missing information. The average meal participation increase per school was twenty-three (23) meals per day.

	Number	Percentage
Meal Participation:		
Number of districts that increased	33	70%
Number of districts that decreased	11	24%
Number of districts that remained same	0	0%
Total number of districts in sample	47*	100% *
Average meal increase /district /year	9,886	2.20%
Average meal increase /school /day	23	2.20%
Meal Price:		
Number of districts that increased	9	19%
Number of districts that decreased	1	2%
Number of districts that remained same	34	72%
Total number of districts in sample	47*	100% *
Average increase	$0.03	2.07%

* Three districts out of the original forty-seven districts in Sample 1 had missing information, representing 6% of the sample.

Figure 6—Summary of Meal Participation and Meal Price Changes

In the meal price area, there were nine (9) districts that increased in meal price, one (1) district decreased in meal price, and thirty-four (34) districts remained the same in meal price. When meal price figures for the sample were totaled, the average overall increase in meal price was 2.07% or an average increase of three cents ($ .03) per district.

In summary, the majority of school districts experienced an increase in meal participation and meal prices for the period of time studied. The quality of the performance of the Sample 1—FSMC districts was undetermined and an area for future study. A comparison of Sample 1—FSMC districts to other school districts was not part of the study. Given similar economic conditions and factors as those in Sample 1—FSMC districts, Sample 2—Self-Operator districts and / or other districts in the state of California may have performed as well, better or worse than those in Sample 1—FSMC districts.

Research Question 5

What are the implications of reimbursement and consultant fees under the consulting agreement? Does the financial improvement cover the fee for services?

The written consulting agreements between the districts and food service management companies were reviewed. These agreements or contracts are kept on file at the California State Department of Education Child Nutrition and Food Distribution Division Office in Sacramento.

Fees charged by the FSMC to the district were assessed in a variety of methods. Most districts paid a per meal/meal equivalent fee for consultant or management services and a per meal/meal equivalent fee for operating or general administrative/support services. A meal was classified as a breakfast, snack, or lunch eligible for federal I state government reimbursement. A meal equivalent was all other food sales divided by an mutually agreed upon factor, such as one dollar ($1.00). This meant that cash collected for all other student or adult food sales such as adult meals, ala carte sales, milk, snack bar, catering, conferences, or special food functions were totaled, divided by one-dollar (or the agreed upon amount) to give the total meal equivalents. The total meal equivalent amount was then subject to the per meal/meal equivalent fees charged by the FSMC.

Some districts paid both these per meal/meal equivalent fees and an additional monthly amount. In two districts, the monthly amounts were for the salaries of three management company employees. Other districts did not pay a per meal fee, but paid flat monthly amounts for a specific number of accounting periods. The accounting periods in one year ranged from ten (10) to thirteen (13) periods each year.

A few districts were required to pay for "opening expenses" that were specified maximum amounts in the contract to be used by the FSMC for expenses related to the opening of the Food Service operation. Pre-opening labor expenses, supervisory and training, travel, meals, lodging, charges for finance, operating manuals, advertising, forms, opening promotions, office supplies and equipment, interviewing, and relocation expenses of FSMC employees were all classified as related to opening expenses.

Another up-front cost was "working capital" which the district was required to deposit in the name of the FSMC as a working capital fund. Any portion of the working capital fund not required to pay operating expenses and other items owed to the FSMC was to be credited back to the district by the end of each fiscal year. For this study and the calculation of FSMC charges to the district, working capital was considered a one time expenditure to the district because the district was required to set aside the specified amount of money in a bank transaction as a guarantee for the FSMC's payment.

To determine the implications of fees reimbursed to the FSMC, calculations of charges were performed. The consulting, management, operating, general administrative and other support fees were recorded, and calculated by month and/or by meal/ meal equivalent to give total amounts charged by the FSMC to the district.

Per meal charges were multiplied by the annual meal participation amounts listed for each district for the most recent complete year of the agreement. Monthly charges were multiplied by the specified number of accounting periods listed in the consultant agreement I contract. These charges were totaled to give the Total Minimum Charges that the district owed the FSMC. These were listed as minimum charges to the district because it was not possible to calculate the district's entire fiscal obligation to the FSMC. Meal equivalents could not be calculated and therefore, were not included. Food sales eligible as meal equivalents, such as catering, adult, ala carte, snack bar and other types of food sales, could not be extracted from the local food sales revenues listed on the J-203 or J-231 financial statements. Local food sales revenues commingled and included cash collected from students in the full-price or paid and reduced-price meal eligibility categories for government reimbursable breakfast, snack or lunch meals.

The implications of reimbursement and consultant fees under the consultant agreement resulted in a net amount of dollars owed by each district to their respective FSMC. These amounts ranged from $5,196 to $362,866, with an average of $81,881 paid to the FSMC. The total amount of fees paid to FSMC's amounted to a minimum of $3,848,409 paid to external private organizations from districts throughout the state of California.

To determine if fees for services were covered by the financial improvement of the ending fund balances in districts due to the influence of FSMC's, the Total Minimum Charges were compared to the Amount of Difference in Ending Fund Balance for each district which were previously calculated in Research Questions 1 and 2.

Nine (9) districts out of the forty-seven (47) districts had ending fund balances greater than the respective Total Minimum Charges. The nine districts' financial status were improved to points where the districts were able to recover the charges of the FSMC's and improve ending fund balances.

On the other hand, the majority of the districts, or thirty-eight (38) districts out of forty-seven (47) influenced by a FSMC did not result in improvement of the district's fiscal situation enough to also improve the ending fund balance greater than twice the fee for service. Of these thirty-eight (38) district, eighteen (18) districts experienced a financial loss or decline in ending fund balances, and therefore, did not recover any of the charges paid to a FSMC.

In summary, total minimum fees charged by the FSMC were calculated based upon information found in the contracts or agreements on file with the State Department of Education, Child Nutrition and Food Distribution Division. This was a simulation exercise to compare fees for services and improvements (or decline) of ending fund balances.

The implications of fees charged by FSMC's for services were that the fees affected the financial loss or gain in the districts' ending fund balances. Some of the fees charged represented a replacement fee for services or supplies that might have previously been provided by the district. Other fees were new charges such as travel and relocation expenses for management employees.

The net result, represented by the ending fund balances, was that districts paid fees to external private organizations for services which resulted in a negative impact to the financial performance for the majority of the FSMC districts. Nineteen percent (19%) of the districts, or nine (9) out of forty-seven (47) districts, were able to recover the charges of the FSMC's by improving ending fund balances. Thirty-eight percent (38%) of the districts, or eighteen (18) districts, experienced a financial decline in ending fund balances, and were unable to recover any of the charges paid to a FSMC.

Survey of Board Members, Superintendents, and Chief Business Officials

As a part of this study, a questionnaire/survey was mailed to a board member, the superintendent, and chief business official of each Sample 1-FSMC district. The questionnaires/ surveys were mailed on May 11, 1995 and requested to be returned by June 2, 1995 which gave a three week response period.

The purpose of the questionnaire was to survey the reasons why a district sought FSMC services, discontinued FSMC services, and if districts that have hired FSMC's intended to privatize other educational or support services.

The summary of survey results is listed in Figure 7 with the calculated mean, or average, responses of each group and combined group for questions one through fourteen (1 -14). These questions researched the motivational reasons why districts sought or discovered (or would discontinue) services with a FSMC. Each survey participant responded to the same survey/ questionnaire.

Survey Question— Mean Scores	Board Member	Super't	Chief Business Official	Combined Results
Reasons electing FSMC	n=15	n=24	n=31	n=70
1. Generate profits	3.7	3.3	3.1	3.3
2. Offers savings/financial opportunities	4.1	4.0	3.9	4.0
3. Food Services operating at a loss	4.1	4.3	4.2	4.2
4. Increases meal participation	4.3	4.1	4.3	4.2
5. Offers quality and nutrition	3.9	3.6	3.7	3.7
6. Frees administrators to focus on education	3.7	3.5	3.6	3.6
7. Offers more resources and are experts	4.3	4.1	4.3	4.2
8. Offers services and innovative methods	4.3	4.2	4.2	4.2
Reasons discontinuing FSMC:				
9. Does not generate profit	2.8	3.6	4.0	3.6
10. Does not meet meal guidelines	3.3	3.3	3.9	3.6
11. Negative image of FSMC's operation	3.2	3.3	3.8	3.5
12. Lack of management and cost savings	3.2	3.7	4.3	3.9
13. Dissatisfaction among food employees	2.8	2.9	3.7	3.3
14. Dissatisfaction among customers	3.2	3.5	3.9	3.6

Figure 7—Summary of Survey Results

The responses were measured on a Likert scale which permits the order of answers accompanied by a verbal description. Questions one through fourteen (1-14) included a scale to measure degree of agreement or disagreement with the statement. The scale ranged from (1) strongly disagree, (2) disagree, (3) no opinion, (4) agree, and (5) strongly agree.

The combined results of three groups found that there was general agreement for the reasons that school districts engaged the services of a FSMC. Responses to questions 2,3,4,7, and 8 indicated stronger agreement for all three groups of decision makers with a score greater than four (>4.0). This was interpreted to mean that there was agreement in the three groups that their decision to elect FSMC's was based on the beliefs that FSMC's offered cost savings, financial opportunities, quality, nutrition, resources, innovative services, and increased meal participation. They also selected FSMC's because the district's own food services operation was generating a loss.

In reviewing responses for questions nine through fourteen (9-14), the strongest reason that would give cause to decision makers to discontinue FSMC services was found in question 12, with a score of three point nine (3.9). The strong agreement to question 12 indicated that the lack of management and cost savings would be a sufficient reason to cancel a FSMC contract.

It was interesting to note that the chief business official group had scored highest in level of agreement (range between 3.7 - 4.3) in reasons for discontinuing FSMC services when compared to the board member and superintendent groups.

There were two questions that showed weaker agreement, defined as a score greater than three (>3.0) but less than three point five (<3.5). Question number one (1) resulted in a calculation of mean score of 3.3 points. This implied that school district decision makers did not always hire FSMC's based on the belief that the private companies generated profits for the district. Another question that showed a weak agreement was question number thirteen (13) with a calculation of a mean score of 3.3 points. This was interpreted to mean that school district decision makers would not discontinue or cancel FSMC services based on the dissatisfaction of food service employees.

Although the mode for questions one through fourteen (1-14), or the most common answer chosen by board members, superintendents, and chief business officials was "agree", there was a difference of opinion when the groups were separated by districts that currently employ the services of FSMC's and those that have since canceled contracts with FSMC's. The districts that had current contracts were identified as Sample 3—Active Contracts. The districts that had canceled contracts were identified as Sample 4—Discontinued Contracts. These districts are listed in Appendix B by year of participation. Districts one through forty-five (1-45) have active contracts, and forty-six through fifty-seven (43-57) have discontinued contracts.

A contingency table for questions one through fourteen (1-14) was constructed to show the mean scores for districts with active and discontinued contracts. The chi-square test was the statistical technique used to compare categorical data, (e.g. strongly disagree..., no opinion..., strongly agree) in order to determine whether there was a difference in opinion between the FSMC districts with active contracts and FSMC districts that had canceled contracts. The purpose of the analysis was to show the difference in mean scores among the two FSMC groups, and to determine if the opinions of the active FSMC districts differed significantly from the opinions of the ex-FSMC districts that had cancelled or discontinued contracts. If the probability that the result happened by chance was .05 or less, the results were significant at the .05 level. Figure 8 shows the results of the analysis.

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Survey Question—Mean Scores	Sample 3 Active FSMC Dist. n=60	Sample 4 Discontinued FSMC Dist. n=10	Level of Significance p=.0500*
Reasons electing FSMC:			
1. Generate profits	3.5	2.2	.0055*
2. Offers savings / financial opportunities	4.2	2.8	.0001*
3. Food Services operating at a loss	4.2	2.8	.5276
4. Increases meal participation	4.4	3.2	.0002*
5. Offers quality and nutrition	3.9	2.7	.0019*
6. Frees administrators to focus on education	3.6	3.2	.2832
7. Offers more resources and are experts	4.4	3.3	.0009*
8. Offers services and innovative methods	4.4	3.3	.0005*
Reasons discontinuing FSMC:			
9. Does not generate profit	3.5	4.0	.2577
10. Does not meet meal guidelines	3.7	2.9	.0871
11. Negative image of FSMC's operation	3.5	3.8	.3931
12. Lack of management and cost savings	3.8	4.0	.6766
13. Dissatisfaction among food employees	3.1	4.0	.0535
14. Dissatisfaction among customers	3.6	3.5	.7501

* significant at 95%

Figure 8 — Difference in Reasons for Electing or Discontinuing Contracts Among FSMC Districts With Active or Discontinued Contracts

A significant difference occurred in the "reasons electing FSMC" for questions 1, 2, 4, 5, 7, and 8 of the instrument which read at less than or equal to .05 probability, or p-value. This meant that the questions and subsequent responses when analyzed with a chi-square reached significant levels. There was a significant difference of opinion between the groups regarding reasons why school districts (active and discontinued) elected FSMC services. In summation of this section of the analysis, there was general agreement as a group of decision makers of reasons that school districts hired FSMC's represented by mean scores previously shown in Figure 7. However, there was a significant difference of opinion when the groups were divided into the active (Sample 3) and discontinued (Sample 4) FSMC groups.

Questions 3, 6, and 9 through 14 from the "reasons discontinuing FSMC" section resulted in a chi-squares with a p-values greater than .05, which were at non-significant levels. Questions 10 and 13 were noted as approaching significant levels showing p-values of .0871 and .0535 respectively. Generally, there was no significant difference of opinion in reasons why school districts would or have discontinued FSMC services for Sample 3—Active Contract Districts and Sample 4—Discontinued Contract Districts.

The purpose of the third part of the survey/questionnaire, questions fifteen through twenty-five (15-25), was to determine the trend in privatization among the districts that had experienced privatization of school food services within the five year period. The responses were measured on a Likert scale that ranged from (1) would not consider, (2) would consider, and (3) already privatized. The combined results for the individual groups showed that there was a mixture of opinions as to

which services these decision makers were willing to consider privatizing. Figure 9 shows the breakdown of each group and degree of consideration to privatize other support and educational services.

Survey Question—Mean Scores	Board Member	Super't	Chief Business Official	Combined Results
Intention to privatize other services:	n=15	n=24	n=31	n=70
15. Maintenance/repair	1.8	1.7	1.6	1.7
16. Custodial services	1.7	1.8	1.6	1.7
17. Computer services	1.9	1.9	1.7	1.8
18. Accounting/financial services	1.3	1.2	1.3	1.3
19. Curriculum services	1.1	1.1	1.1	1.1
20. Others services	1.3	2.0	2.3	1.8
21. Special education	1.2	1.2	1.2	1.2
22. Pupil transportation	2.0	2.1	2.1	2.1
23. Foreign language	1.2	1.0	1.0	1.1
24. Science, remedial education	1.2	1.0	1.0	1.1
25. At-risk programs	1.6	1.2	1.2	1.3

Figure 9 —Summary of Consideration to Privatize Other Services

The trend of school districts intention to privatize other operations was measured by the opinions of district decision makers in the questionnaire/survey. The question of schools districts' consideration to privatize other services resulted in variation of opinions. Support services, with the exception of accounting/financial services, led the field as areas that board members, superintendents, and chief business officials would consider (or already have) privatization. The services were traditionally provided the classified staff of the district. These areas resulted in mean scores greater than one point five (>1.5), with the highest mean score in pupil transportation.

Educational or instructional services were areas that the group of decision makers were less willing to privatize. These areas resulted in mean scores less than one point five (<1.5). The services were traditionally provided by certificated staff of the district. Figure 10 is a graph which displays the degrees of consideration among board members, superintendents, and chief business officials to privatize other educational or support services.

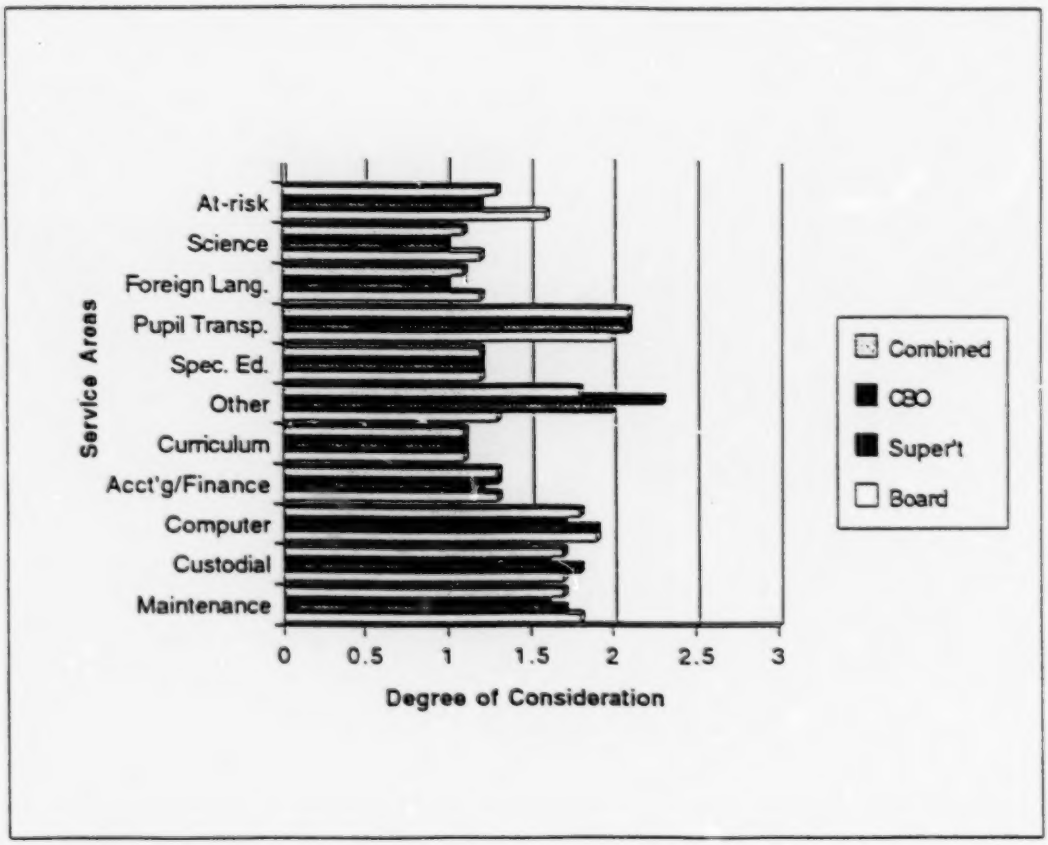

Figure 10—Summary of Consideration to Privatize Services - Graph

In summation, school districts that have experienced privatization in the school food services operation were more willing to give consideration to privatize other support service operations with the exception of accounting/financial services. Educational services were areas that districts were less willing to privatize based on opinions from district decision makers.

Summary

The findings indicated that the financial effect in the school food services area could result in increased expenditures for the school district and generate a financial loss in ending fund balance. Financial success was not a guaranteed outcome when a FSMC was employed by the district. The claims of cost savings and more efficient operations in the literature were not demonstrated to be true for a majority of districts in California that contracted services with a private organization based on the comparisons of ending fund balances.

There was general agreement in reasons that school districts engaged the services of FSMC's based on the surveys/questionnaires answered from board members, superintendents, and chief business officials. It was believed by the group surveyed that FSMC's were selected to provide services because private organizations offered cost savings, financial opportunities, and more resources. Districts also selected FSMC's because the district's own food services operation was generating a loss. However, a lack of management and cost savings derived from FSMC services was believed to be sufficient reason to cancel a FSMC contract. The survey also showed that the trend toward privatization of other school district would be more likely in the support services area (e.g. maintenance, custodial, computer services, pupil transportation) than in other educational services (e.g. curriculum, special education, remedial or special education).

APPENDICES

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Definition of Terms

The following are defined for the purpose of this study and assists in understanding the terms often used in the school food services industry (California State Board of Education, 1992; California Association of School Business Officials, 1993):

Ala carte sales: Any food sale other than a reimbursable (breakfast or lunch) meal which meet National School Breakfast and Lunch Program guidelines.

Accounting period: The period of time for which records are maintained and at the end of which financial statements are prepared.

Balance Sheet: A statement that shows assets, liabilities, reserves, and fund balance or fund deficit of an entity at a specific date and is properly classified to exhibit the financial condition of the entity as of that specific date.

Cafeteria Account (EC 39892): Receipts and disbursements of the cafeteria function that are processed through a bank.

Cafeteria Fund (EC 39890): Receipts and disbursements of the cafeteria function that are processed through a county treasurer.

Capital Outlay: Amounts paid for the acquisition of fixed assets or additions to fixed assets, including land or existing buildings, improvements of grounds, construction, additions, remodeling, of buildings, or initial and additional equipment.

Consultant: An independent contractor or company whose services are retained by the school district.

Consulting service contracts: A contract between the State and a private firm or individual which provides for services which are of an advisory or informational in nature. Such contracts essentially call for a product of the mind as distinguished from the rendition of mechanical skills-defined by California State Administrative Manual, section 1240, reference Public Contract Code 10356.

Contract: An agreement between two or more people or entities to do something. Contracts are usually in writing and enforceable by law.

Contract management service/company: (same as privatized services) Term used to described the hiring of a consultant or management company who enters into a binding agreement with a public school district to advise or participate in the operation the school food service program(s).

Contracted services: Expense of service rendered under contract by personnel who are not on the payroll of the school system, including all related expense covered by the contract.

Coordinated Review Effort (CRE): The compliance audit that is performed by the state agency on a four year cycle to sponsors of child nutrition programs.

Direct support charges: charges for a support program and services that directly benefit other programs.

Encroachment: The use of unrestricted moneys to support restricted program expenditures of the general fund.

Enterprise funds: Funds used to account for those ongoing activities of the Local Educational Agency (LEA) which, because of their income-producing character, are similar to those found in the private sector.

Entitlement: An apportionment that is based on specific qualifications.

Ending Fund Balance: The amount of dollars remaining in an operating fund calculated by adding the beginning balance, plus revenues, less expenditures, plus net interfund transfers, contributions, or adjustments. The ending fund balance equals the beginning balance for the next fiscal year.

Fees: Amounts collected from or paid to individuals or groups for services or for use of a school or other facility.

Fiscal year: A period of one year, the beginning and ending dates are fixed by statute; in California, the period beginning July 1 and ending June 30.

Food Service Management Company (FSMC): A commercial enterprise or a nonprofit organization which provides contracted services to consult or provide advice to manage any or all aspects of the district's school food service operation.
Defined by the NSLP regulations - 7CFR 210.2.

Fund Balance: The difference between assets and liabilities.

General Fund: The fund used to finance the ordinary operations of the school district available for any legally authorized purpose.

Grant: A contribution, either in money or material goods, made by one organization to another. Grants may be for specific or general purposes.

Grants-in-aid: Outright donations or contributions, usually by a superior governmental unit, without the prior establishment of conditions with which the recipient must comply.

Indirect support charges: Routine services not performed as a special service for a particular program but allocated to user programs.

Interfund transfers: Money that is taken from one fund under the control of the governing board and added to another fund under the board's control.

J-203: The financial document that is part of the district's annual budget report required to be used when designated activities are conducted by the district. The Cafeteria Fund/Account-Special Reserve Fund Statement that includes the revenues, expenditures, and changes in fund balance for the current budget year and the unaudited actual of the prior year.

Meal equivalents: A term used by contract management companies used to calculate generated sales into "meals". Meals and meal equivalents are the basis for payment to compute the fee for service made to the private company. Also used by food service operation to convert ala carte sales to obtain the sales volume of the facility.

National School Breakfast Program (NSBP): A federal program under the authority of the United States Department of Agriculture (USDA) administered by the State of California's Department of Education Child Nutrition and Food Distribution Division (CNFDD).

Privatization: Contracting for consultant or management services from profit-making companies outside of the school district or other governmental agency.

Reimbursement/Fee: Cash or other assets received as a repayment of the cost of work or services performed.

Reserve: An amount set aside to provide for estimated future expenditures or losses, for working capital, or for other specified purposes.

Revenue: Addition to assets not accompanied by an obligation to perform service or deliver products.

Statements: Formal written presentations setting forth financial informatior that may include exhibits, schedules, and written reports.

Supply: A material item of an expendable nature that is consumed, wears outs, or deteriorates in use; or one that loses its identity through fabrication or incorporation into a different or more complex unit or substance.

Surplus: The excess of assets over liabilities; or the term used for food commodities available through the State agency and USDA.

Unappropriated Fund Balance: The portion of fund balance not segregated for specific purposes.

APPENDIX B

List of Districts and Year of Participation

List of Districts and Year of Participation

School District	ID Number	1990-91	1991-92	1992-93	1993-94	1994-95	Enrollment	District Type	No. Schools
1 Acalanes HSD	87-61638	No	No	No	No	Yes	4,828	UHSD 7-12/9	5
2 San Ramon Valley USD	87-61884	Yes	Yes	Yes	Yes	Yes	16,178	USD K-12	24
3 Kingsburg Joint Union	18-62248	No	No	No	No	Yes	1,845	Elem K6 /K8	4
4 Kings Canyon Joint USD	18-62265	No	No	No	No	Yes	7,812	USD K-12	16
5 Sanger USD	10-62414	Yes	Yes	Yes	Yes	Yes	7,835	USD K-12	14
6 Central USD	18-73965	No	Yes	Yes	Yes	Yes	7,816	USD K-12	11
7 Burbank USD	19-64337	Yes	Yes	Yes	Yes	Yes	12,914	USD K-12	17
8 Lawndale SD	19-6491	No	No	No	No	Yes	4,698	Elem K6/ K8	7
9 Lynwood USD	19-64774	Yes	Yes	Yes	Yes	Yes	14,612	USD K-12	12
10 So. Pasadena USD	19-65829	No	No	No	No	Yes	3,688	USD K-12	6
11 Valle Lindo SD	19-65878	No	No	No	No	Yes	12,88	Elem K6/K8	2
12 Wm. S. Hart Union HSD	19-65136	Yes	Yes	Yes	Yes	Yes	11,348	UHSD 7-12/9	9
13 Novato USD	21-65417	Yes	Yes	Yes	Yes	Yes	7,969	USD K-12	15
14 Atwater Elem SD	24-65631	No	No	No	No	Yes	4,621	Elem K6/K8	7
15 Merced Union HSD	24-65789	Yes	Yes	Yes	Yes	Yes	9,553	UHSD 7-12/9	6
16 King City Union SD	127-66058	No	No	Yes	Yes	Yes	2,245	Elem K6/K8	3
17 Soledad Union SD	27-66209	No	No	No	Yes	Yes	1,885	Elem K6/K8	3
18 Napa Valley USD	28-66266	Yes	Yes	Yes	Yes	Yes	14,639	USD K-12	25
19 Saddleback Valley USD	38-73655	Yes	Yes	Yes	Yes	Yes	26,452	USD K-12	34
20 Del Paso Heights SD	34-67306	Yes	Yes	Yes	Yes	Yes	2,254	Elem K6/K8	4
21 Grant Joint Union HSD	34-67363	No	No	No	Yes	Yes	10,882	USD7-12/9	12
22 Bear Valley USD	36-67637	No	No	No	No	Yes	3,206	USD K-12	6
23 Cucamonga SD	36-67694	No	No	No	Yes	Yes	2,205	Elem K-6/K-8	4
24 Fontana USD	36-67718	No	Yes	Yes	Yes	Yes	30,275	USD K-12	30
25 Encinitas Union SD	34-68088	No	No	No	No	Yes	4,648	Elem K-6/K-8	8
26 San Mateo Union HSD	41-69047	Yes	Yes	Yes	Yes	Yes	8,310	UHSD 7-12/9-12	7
27 Santa Maria Bonita SD	42-69120	Yes	Yes	Yes	No	Yes	9,327	Elem K6/K8	14
28 Cambrian SD	43-69385	Yes	Yes	Yes	Yes	Yes	2,621	Elem K6/K8	5
29 Campbell Union HSD	43-69401	No	No	Yes	Yes	Yes	6,392	UHSD 7-12/9-12	5
30 East Side Union HSD	43-69427	No	No	No	Yes	Yes	21,061	UHSD 7-12/9-12	11
31 Franklin McKinley Elem	43-69450	Yes	Yes	No	Yes	Yes	10,245	Elem K6/K8	13
32 GilroyUSD	43-69484	No	No	Yes	Yes	Yes	8,617	USD K-12	12
33 Los Gatos Union SD	43-69625	Yes	Yes	Yes	Yes	Yes	2,352	Elem K6/K8	5
34 Mountain View SD	43-69691	No	Yes	Yes	Yes	Yes	2,968	Elem K6/K8	5
35 Mt. View -Los Altos Union SD	43-69609	Yes	Yes	Yes	Yes	Yes	2,673	UHSD 7-12/9	3
36 Mt. Pleasant SD	43-69617	No	Yes	Yes	Yes	Yes	2,566	Elem K6/K8	5
37 Oak Grove SD	43-69625	Yes	Yes	Yes	Yes	Yes	12,225	Elem K6/K8	20
38 Palo Alto USD	43-69641	Yes	Yes	Yes	Yes	Yes	7,433	USD K-12	16
39 Union School District	43-69708	Yes	Yes	Yes	Yes	Yes	4,586	Elem K6/K8	10
40 Whisman SD	43-69724	No	No	No	Yes	Yes	1,250	Elem K6/K8	4
41 Cotati-Rohnert Park USD	49-73882	Yes	Yes	Yes	Yes	Yes	7,450	USD K-12	13
42 Lindsay USD	54-71993	No	No	Yes	Yes	Yes	3,124	USD K-121	6
43 Tulare Union HSD	54-72249	No	No	No	No	Yes	3,783	UHSD 7-12/9	4
44 Woodlake Union SD	54-72272	No	Yes	Yes	Yes	Yes	1,500	Elem K6/K8	3
45 Woodlake Union HSD	54-72298	No	No	Yes	Yes	Yes	700	UHSD 7-12/9	2
46 Shasta UHSD	45-78136	No	Yes	Yes	Yes	No	5,296	UHSD 7-12/9	4
47 Gateway USD	45-78267	No	No	Yes	Yes	No	4,487	USD K-12	10
48 AmadorUSD	83-73981	Yes	Yes	Yes	No	No	4,979	USD K-12	11
49 Anderson UHSD	45-68856	No	Yes	Yes	No	No	1,918	UHSD 7-12/9	4
50 Cottonwood Union Elem SD	45-68955	No	Yes	Yes	No	No	1,082	Elem K6/K8	2
51 Exeter Union HSD	54-71839	Yes	Yes	Yes	No	No	1,463	USD K-12	2
52 Tehachapi USD	15-63826	No	Yes	Nlo	No	No	4,872	USD 7-12/9	8
53 Petaluma Elem SD	49-70854	No	Yes	No	No	No	2,394	Elem K6/K8	7
54 Petaluma HSD	49-70862	No	Yes	No	No	No	3,907	UHSD 7-12/9	5
55 Calveras USD	05-61584	Yes	No	No	No	No	3,563	USD K-12	11
56 Beverly Hills USD	19-64311	Yes	No	No	No	No	3,580	USD K-12	5
57 Compton USD	19-73437	Yes	No	No	No	No	26,967	USD K-12	35

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APPENDIX C

List of Participating Public School Districts and
Comparable School Districts

List of Participating Public School Districts and Comparable School Districts

SAMPLE 1-Participating Districts
FSMC Districts

School District	ID Number	Enrollment	District Type	No. Schools
San Ramon Valley USD	07-61804	16,178	USD K-12	24
Sanger USD	10-62414	7,835	USD K-12	14
Central USD	18-73965	7,816	USD K-12	11
Burbank USD	19-64337	12,914	USD K-12	17
Lynwood USD	19-64774	14,612	USD K-12	12
Wm. S. Hart Union HSD	19-65136	11,348	UHSD 7-12/9-12	9
Novato USD	21-65417	7,969	USD K-12	15
Merced Union HSD	24-65789	9,553	UHSD 7-12/9-12	6
King City Union SD	27-66050	2,245	Elem K6/K8	3
Soledad Union SD	27-66209	1,885	Elem K6/K8	3
Napa Valley USD	28-66266	14,639	USD K-12	26
Saddleback Valley USD	30-73635	26,452	USD K-12	34
Del Paso Heights SD	34-67306	2,254	Elem K6/K8	4
Grant Joint Union HSD	34-67363	10, 882	UHSD7-12/9-12	12
Cucamonga SD	36-67694	2,205	Elem K-6/K-8	4
Fontana USD	36-67718	30,275	USD K-12	30
San Mateo Union HSD	41-69047	8,310	UHSD 7-12/9-12	7
Santa Maria Bonita SD	42-69120	9,327	Elem K6/K8	14
Cambrian SD	43-69385	2,621	Elem K6/K8	5
Campbell Union HSD	43-69401	6,392	UHSD 7-12/9-12	5
East Side Union HSD	43-69427	21,061	UHSD 7-12/9 -12	11
Franklin McKinley Elem	43-69450	10,245	Elem K6/K8	13
Gilroy USD	43-69484	8,617	USD K-12	12
Los Gatos Union SD	43-69526	2,352	Elem K6/K8	5
Mountain View SD	43-69591	2,968	Elem K6/K8	5
Mt. View -Los Altos Union SD	43-69609	2,673	UHSD 7-12/9-12	3
Mt. Pleasant SD	43-69617	2, 566	Elem K6/K8	5
Oak Grove SD	43-69625	12,225	Elem K6/K8	20
Palo Alto USD	43-69641	7,433	USD K-12	16
Union School District	43-69708	4,586	Elem K6/K8	10
Whisman SD	43-69724	1,850	Elem K6/K8	4
Cotalt-Rohnert Park USD	49-73882	7,450	USD K-12	13
Lindsay USD	54-71993	3,124	USD K-12	6
Woodlake Union SD	54-72272	1,500	Elem K6/K8	3
Woodlake Union HSD	54-72280	700	UHSD 7-12/9-12	2
Shasta UHSD	45-70136	5,296	UHSD 7-12/9-12	4
Gateway USD	45-75267	4,487	USD K-12	10
Amador USD	83-73981	4,979	USD K-12	11
Anderson UHSD	45-69856	1,918	UHSD 7-12/9-12	4
Cottonwood Union Elem SD	45-69955	1,082	Elem K6/K8	2
Exeter Union HSD	54-71928	1,463	UHSD 7-12/9-12	2
Tehachapi USD	15-63826	4,872	USD K-12	8
Petaluma Elem SD	49-70854	2,394	Elem K6/K8	7
Petaluma HSD	49-70862	3,907	UHSD 7-12/9-12	5
Calveras USD	05-61564	3,563	USD K-12	11
Beverly Hills USD	19-64311	3,580	USD K-12	5
Compton USD	19-73437	26,967	USD K-12	35
SUMMARY - TOTALS		358,862		487
AVERAGE NUMBER OF STUDENTS PER SCHOOL			737	

SAMPLE 2-Comparable School Districts
Self-Operator Districts

School District	ID Number	Enrollment	District Type	No. Schools
Vacaville USD	48-70573	13,645	USD K-12	8
Monterey Pen USD	27-66092	9,483	USD K-12	19
Barstow USD	36-57611	7,148	USD K-12	12
Azusa USD	19-64279	11,002	USD K-12	18
Paramount USD	19-64873	13,417	USD K-12	13
Fullerton UHSD	30-66514	11,914	UHSD 9-12	7
Berkeley USD	01-61143	7,892	USD K-12	16
Salinas USD	27-66159	9,812	UHSD 7-12	7
Lemoora Union Elem SD	16-63974	2,450	Elem K8	3
Santa Rsa Union Elem SD	27-66191	2,131	Elem K8	3
Ventura USD	56-72552	15,200	USD K12	26
Orange USD	30-66621	25,850	USD K-12	37
Galt Jt. Union Elem SD	34-67348	2,310	Elem K-8	4
Huntington Sch UHSD	30-66548	13,235	UHSD 7-12	8
Mt. View Elem SD	36-67785	2,550	Elem K-8	4
Montebello USD	19-64808	32,189	USD K-12	28
Fremont UHSD	43-69468	7,762	UHSD 9-12	5
Oxnard Elem SD	56-72538	12,974	Elem K-8	16
Live Oak Elem SD	44-69765	2,022	Elem K-8	3
Sequoia UHSD	41-68062	6,520	UHSD K-12	5
Grossmont UHSD	37-68130	19,815	UHSD 9-12	12
Salinas Elem SD	27-66142	8,190	Elem K-6	13
Morgan Hill USD	43-69583	8,640	USD K-12	13
Oakdale Union Elem SD	50-71183	2,800	Elem K-8	4
Santa Cruz Elem SD	44-69815	3,320	Elem K-6	7
Hanford Jt. UHSD	16-63925	2,450	UHSD 9-12	4
Greenfield Union Elem SD	27-66035	2,3611	Elem K-8	4
Cupertino Union SD	43-69419	13,756	Elem K-8	22
Newark USD	01-61234	6,961	USD K-12	13
Moreland Elem SD	43-69575	4,036	Elem K-8	8
Cascade Union Elem SD	45-69914	1,924	Elem K-8	4
Davis Jt. USD	57-72678	6,479	USD K-12	11
Patterson USD	50-71217	3,145	USD K-12	8
Scotts Valley Union Elem SD	44-69631	1,625	Elem K-8	3
Dinuba Jt. UHSD	54-71886	1,020	UHSD 9-12	2
Eureka City HSD	12-62760	3,062	UHSD 7-12	4
Washington USD	57-72694	5,160	USD K-12	10
No. Monterey Union USD	27-73825	4,905	USD K-12	10
Oakdale Jt. UHSD	50-71191	2,200	UHSD 9-12	4
Happy Valley Union Elem	45-70011	843	Elem K-8	2
King City UHSD	27-66068	1,550	UHSD 9-12	2
Snowline Jt. USD	36-73957	5,500	USD K-12	8
Rincon Valley Union Elem SD	49-70896	2,764	Elem K-6	7
Dorado UHSD	09-61853	3,634	UHSD 9-12	5
Cutler-Orosi USD	54-71860	3,634	USD K-12	8
Manhattan Beach USD	19-75333	4,325	USD K-12	6
Hacienda-LaPuente USD	19-73445	21,176	USD K-12	34
		354,781		480
			739	

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